

# DIRECTIVE

## WORKFORCE INVESTMENT ACT

Number: WIAD04-7

Date: September 22, 2004  
69:136:lh:8293

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: TRANSFER OF FUNDS—ADULT, DISLOCATED WORKER, AND  
RECAPTURED FUNDS

### EXECUTIVE SUMMARY:

#### Purpose:

This directive supersedes transfer information contained in Workforce Investment Act (WIA) Directive WIAD03-4, dated July 24, 2003. It addresses the transfer policies for the adult, dislocated worker program and recaptured formula funds. This also includes any federal recapture and reallocation of funds for the adult or dislocated worker programs. It does not impact the youth formula funds. In addition, the Appropriations Act of 2004 kept the transfer limit at 30 percent for Program Year (PY) 2004-05 funds. The transfer request, budget, and participant forms are provided as an Internet link to this directive.

#### Scope:

This directive applies to all Local Workforce Investment Boards (LWIB) that transfer any adult and dislocated worker funds.

#### Effective Date:

This directive is effective on date of issue.

### REFERENCES:

- WIA Section 133(b)(4)
- Code of Federal Regulations, Title 20 (20 CFR) 667.140
- Department of Labor (DOL) Training and Employment Guidance Letter (TEGL) 26-03, Fiscal Year (FY) 2004, Congressional Rescissions for the WIA Adult and Dislocated Worker Programs, Workforce Investment Act (WIA) Allotments for Program Year (PY) 2004; Additional funding from Dislocated Worker National Reserve for Adult/Dislocated Worker Activities for Eligible States; Wagner-Peyser Act final Allotments for PY 2004; and Work Opportunity Tax Credit (WOTC) and Welfare-to-Work (WtW) Tax Credit Allotments for FY 2004

## STATE-IMPOSED REQUIREMENTS:

This document contains some State-imposed requirements. These requirements are indicated by ***bold italic*** type.

## FILING INSTRUCTIONS:

This directive supersedes WIA Directive WIAD03-4, dated July 24, 2003, and finalizes WIA Draft Directive WIADD-76, issued for comment on July 21, 2004. Retain this directive until further notice.

## BACKGROUND:

The WIA allows the transfer of funds to maximize participant outcomes of the adult and dislocated worker programs. In addition, state recaptured dislocated worker formula funds are reallocated to grant code 503 and adult funds are reallocated to grant code 203. Federal reallocated dislocated worker funds have grant code 504 and adult funds have grant code 204. The TEGL 26-03 adjusted the transfer limit to 30 percent commencing with the appropriated PY 2003-04 and PY 2004-05 funds, and rescinded TEGL 20-03, dated March 25, 2004.

## POLICY AND PROCEDURES:

The WIA Final Rule Section 667.140(b) states that, before making any funds transfer, a LWIB must obtain the Governor's approval. The Employment Development Department has been given the authority to approve transfers on behalf of the Governor. The LWIB may make single or multiple transfers of funds between adult and dislocated worker programs provided that the LWIB adheres to the 30 percent limit for PY 2003-04 and PY 2004-05. Recaptured formula funds that are reallocated (grant code 503 for PY 2004-05) also carry a 30 percent transfer limit.

Transfer limits beyond PY 2004-05, have yet to be determined. Additionally, funds transferred must stay within the original year of allocation. They must also stay within the allocation time period of July 1 through September 30 (grant codes 201 and 501) or October 1 through June 30 (grant codes 202 and 502). The LWIBs must ensure that the funds are not overdrawn during the time a transfer takes place. If this condition occurs, the transfer will not be approved.

***Transfer requests can be submitted anytime during the two-year life of the funds except during May and June of the second year of availability.*** However, if during the first year life of the funds a transfer request is received between May 1 and June 30, the transfer will be reviewed and processed in the following fiscal year. If the funds are in the second year life and a transfer request is received after April 30, the transfer will not be processed and will be returned to the originator.

## TRANSFERS ALLOWED

- Not more than 30 percent of the adult or dislocated worker funds for PY 2003-04 may be transferred between each of these funding streams.
- Not more than 30 percent of the adult or dislocated worker funds for PY 2004-05 (beginning July 1, 2004) may be transferred.
- Formula funds that are recaptured are reallocated to their own unique grant code. For PY 2003-04, the reallocated dislocated worker funds are in grant code 503. Grant code 203 has been established for recaptured/reallocated adult funds and for transfers from grant code 503. The PY 2003-04 funds in grant code 503 may have 30 percent of that amount transferred to grant code 203. Administrative charges cannot be incurred against grant codes 503 or 203, based on a DOL decision.
- Formula funds reallocated by the federal government to the state also have their own unique grant code. Reallocated dislocated worker funds are in grant code 504 and reallocated adult funds are in grant code 204. Funds in grant code 504 may have 30 percent of that amount transferred to grant code 204. Administrative charges cannot be incurred against grant codes 504 or 204, based on a DOL decision.

## TRANSFERS NOT ALLOWED

- With the implementation of WIA, the DOL provides funds to the State in two separate allotments. The first allotment uses grant codes 201 and 501, and the second allotment uses grant codes 202 and 502. Since DOL requires that each allotment be tracked separately, transfers cannot occur from grant codes 501 to 202, or 502 to 201.
- Recaptured/reallocated formula funds in grant codes 503 and 203 may not be transferred to grant codes 201, 202, 501, or 502. The DOL requires these funds be accounted for separately from other funding streams.
- Reallocated formula funds in grant codes 504 and 204 may not be transferred to grant codes 201, 202, 501, or 502. The DOL requires these funds be accounted for separately from other funding streams.

## PROCEDURES:

***The LWIB must submit transfer requests in writing to the appropriate Regional Advisor.*** All requests must contain the reason(s)/rationale for the transfer, including effects on local services and proposed changes to the local plan. The State will consider the following factors in its review of transfer requests:

- Changes in planned services to eligible participants
- Unexpected layoffs requiring additional funds

- Changes in the goals for serving eligible participants
- Changes in labor market conditions
- Effect of transfer on jointly funded employment and training programs in One-Stop Career Centers
- Effect on existing agreements for the delivery and/or coordination of employment and training services
- Effect on current State and Local Workforce Investment Area (LWIA) employment and training systems
- Effect on the employment and training needs of eligible participants in the LWIA

All transfer requests must be approved and signed off by the LWIB and reflected in the local plan of each LWIA. The “Sunshine Provision,” WIA Section 117(e) requires the local board to make available to the public, on a regular basis through open meetings, information regarding the activities of the local board. The LWIB must make the transfer request a specific board agenda item with public comment time available. New local plan funding amounts will need to be computed based on the completed funds transfer. The local plan will have the new budget and participant forms included as the performance baseline.

#### **ANNUAL LOCAL PLAN MODIFICATION:**

Though the local plan may reflect a planned transfer, approval of the transfer must still be requested on the appropriate transfer request forms. Approval of the local plan does not constitute approval of the transfer.

Three documents that must be submitted in order to request a transfer:

1. **Transfer Request Form (*Attachment 1*)**—This form describes who is making the request, the transfer amount, and why the transfer is being requested. This document requires signature approval of the designated LWIB representative.
2. **Title IB Participant Plan Summary (*Attachment 2*)**—This form shows the revised participant plan after the funds transfer has taken place.
3. **Title IB Budget Plan Summary (*Attachment 4*)**—This form shows the transfer of funds using the plus and minus format. One form is needed for each transfer of funds in two separate grant codes or years.

The assigned Regional Advisor will review the transfer request forms to validate the need for the transfer. On approval of the transfer request, the Workforce Investment Division (WID) Financial Management Unit will unilaterally transfer the funds within the

LWIA master subgrant. This entire process will be completed as quickly as possible after receipt of the transfer request. The WID will then forward a completed copy of the subgrant package to the LWIB.

MAIL: Attn: (Name of Regional Advisor)  
Workforce Investment Division, MIC 69-1  
Employment Development Department  
P.O. Box 826880  
Sacramento, CA 94280-0001

OVERNIGHT MAIL: Attn: (Name of Regional Advisor)  
Workforce Investment Division, MIC 69-1  
Employment Development Department  
800 Capitol Mall  
Sacramento, CA 95814

HAND DELIVERY: Attn: (Name of Regional Advisor)  
Workforce Investment Division  
Employment Development Department  
722 Capitol Mall, Room W1077  
Sacramento, CA 95814

**ACTION:**

Make the appropriate LWIA policy, administrative, and fiscal staff aware of this directive.

**INQUIRIES:**

Direct all technical questions regarding this directive to your [Regional Advisor](#).

/S/ BOB HERMSMEIER  
Chief  
Workforce Investment Division

Attachments are available on the Internet:

1. [Transfer Request](#) (DOC)
2. [Participant Plan](#) (XLS)
3. [Participant Summary Instructions](#) (PDF)
4. [Budget Plan](#) (XLS)
5. [Budget Plan Summary Instructions](#) (PDF)